

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON IMMEDIATE

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E.O. 11652: N/A

TAGS: EAGR

SUBJECT: GRAIN RESERVES: WORK OF IWC PREPARATORY GROUP

REF: LONDON 3194

LONDON FOR THIGPEN

1. FOLLOWING IS TEXT OF LETTER DATED MARCH 4 FROM ASSISTANT SECRETARY ENDERS TO J.H. PAROTTE OF INTERNATIONAL WHEAT COUNCIL WHICH BEING POUCHED TODAY FOR TRANSMITTAL TO PAROTTE IF EMBASSY HAS NO OBJECTIONS: BEGIN QUOTE DEAR JOHN: AS I TOLD YOU AT LONDON, I MUCH APPRECIATE YOUR EFFORTS AS INDEPENDENT CHAIRMAN OF THE AD HOC MEETING ON RESERVES HELD THERE FEBRUARY 10-11. IT SEEMED TO ME THAT THE MEETING WENT FAR BETTER THAN MOST OF US EXPECTED AND I CREDIT THAT IN LARGE PART TO YOUR HANDLING OF THE CHAIRMANSHIP. -

2. WE ARE NOW TURNING OVER IN OUR OWN MINDS HERE HOW WE
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SHOULD PROCEED NOW THAT THE WHEAT COUNCIL HAS GIVEN THE

PREPARATORY GROUP AN EXPANDED MANDATE FOR ITS WORK IN EXAMINING THE BASES FOR A NEW AGREEMENT TO REPLACE THE INTERNATIONAL WHEAT AGREEMENT. OUR VIEWS ON THE MEANING OF THAT EXPANDED MANDATE, I.E., THAT IT INCLUDE A THOROUGH TREATMENT OF THE RESERVES ISSUE AND THAT IT NOT PREJUDGE THE COMMODITY COVERAGE OF SUCH AN AGREEMENT, ARE ON

THE RECORD AT THE LAST IWC MEETING AND FAIRLY WELL UNDERSTOOD, I THINK. BUT WE ARE ANXIOUS THAT THE INITIAL WORK BEING DONE FOR FUTURE SESSIONS OF THE PREPARATORY GROUP, THE FIRST ONE BEGINNING LATER THIS MONTH, INCLUDE TO THE EXTENT POSSIBLE THIS VIEW, AS WELL AS THOSE OF OTHERS. I THEREFORE AM WRITING TO YOU TO ASK HOW WE MIGHT BE ABLE TO ASSIST THE IWC SECRETARIAT IN THIS EFFORT AND TO INQUIRE HOW YOU YOURSELF VISUALIZE THE EVOLUTION OF WORK OF THE PREPARATORY GROUP ON RESERVES FROM NOW UNTIL NEXT JUNE.

3. IT WAS THE VIEW OF MANY PARTICIPANTS THAT RESERVES SHOULD BE CLOSELY LINKED WITH OTHER SUBSTANTIVE PROVISIONS, INCLUDING COMMERCIAL PROVISIONS, WHICH MAY BE CONSIDERED FOR INCLUSION IN A NEW WHEAT AGREEMENT. NEVERTHELESS, IN MY VIEW IT WOULD BE PREFERABLE FOR THE PREPARATORY GROUP TO TREAT THE ISSUE OF RESERVES SEPARATELY FROM THESE OTHER PROVISIONS, AT LEAST IN ITS INITIAL EXAMINATION. THIS WOULD BE IN KEEPING WITH THE OUTCOME OF THE AD HOC MEETING, WHICH SPECIFICALLY LEFT OPEN FOR THE TIME BEING THE QUESTION OF ARRANGEMENTS FOR FUTURE NEGOTIATIONS OF A RESERVE SYSTEM. THIS IN FACT MAKES SENSE FOR OTHER REASONS AS WELL. CONCEPTUALLY, THE ELEMENTS OF A RESERVES SYSTEM CAN BE DISCUSSED SEPARATELY FROM OTHER SUBSTANTIVE PROVISIONS AND THE COMMODITY COVERAGE MAY ALSO BE QUITE DIFFERENT FROM THAT UNDER A NEW WHEAT AGREEMENT. OTHER SUBSTANTIVE PROVISIONS OF A NEW AGREEMENT MAY ALSO PROVE TO BE EITHER MORE OR LESS NEGOTIABLE THAN RESERVES PROVISIONS, SO THAT THE PACE OF PROGRESS IN THE TWO AREAS MAY VARY. I HOPE THIS CAN BE TAKEN INTO CONSIDERATION AS YOU UNDERTAKE WHATEVER PREPARATORY WORK IS REQUIRED BY THE SECRETARIAT.

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4. REGARDING THE SUBSTANCE OF THE RESERVES ISSUE ITSELF, I WAS QUITE PLEASED WITH THE REPORT YOU PREPARED AS CHAIRMAN OF THE AD HOC RESERVES MEETING. I BELIEVE IT ADEQUATELY REFLECTS THE POINTS I AND OTHER MEMBERS OF THE US DELEGATION MADE AT THE MEETING. I ASSUME THESE ALONG WITH OTHER VIEWS WILL BE TAKEN INTO ACCOUNT IN YOUR WORK ALONG WITH, OF COURSE, WHATEVER OPTIONS AND ANALYSIS THE SECRETARIAT INDEPENDENTLY FINDS WOULD BE OF USE TO THE

PREPARATORY GROUP.

5. WE ALL ALSO SEEM TO AGREE ON THE CRYING NEED FOR ADDITIONAL ANALYSIS IN MANY AREAS WHICH WILL NEED TO BE CONSIDERED IN A RESERVES AGREEMENT, AMONG THEM THE OVER-ALL SIZE OF THE RESERVE AND THE CRITERIA FOR DISTRIBUTION OF THE RESPONSIBILITY FOR HOLDING THAT RESERVE. OUR PAPERS ON THESE AREAS SUBMITTED TO YOU AND OTHERS AT THE AD HOC MEETING WERE ONLY FIRST ATTEMPTS AND OBVIOUSLY THESE NEED TO BE INTENSIFIED. EXTENSIVE WORK WILL ALSO BE NEEDED TO EXAMINE THE POSSIBLE TYPES OF GUIDELINES OR RULES FOR THE ACCUMULATION AND RELEASE OF RESERVES. TO THE EXTENT THAT WE CAN BE OF ASSISTANCE, PLEASE CALL ON US.

6. WITH THESE POINTS IN MIND, LET ME CONCLUDE BY RE-ITERATING OUR DESIRE TO ASSIST AS POSSIBLE AND APPROPRIATE AS THE WORK OF THE PREPARATORY GROUP BEGINS TO TAKE CLEARER FORM, AND TO ASK AGAIN FOR ANY THOUGHTS YOU HAVE ON THE COURSE THE GROUP'S ACTIVITIES MAY TAKE FROM NOW UNTIL THE SUBMISSION OF ITS FINAL REPORT TO THE COUNCIL NEXT JUNE.
END QUOTE.

7. EMBASSY REQUESTED TRANSMIT ABOVE TEXT TO PAROTTE SOONEST, AND FOLLOWUP WITH DELIVERY OF LETTER UPON ITS ARRIVAL. PLEASE ADVISE SOONEST OF ANY REACTION ,WITH INFO COPY TO AMBASSY PARIS FOR ENDERS. KISSINGER

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